



**CITY OF LODI  
COUNCIL COMMUNICATION**

**AGENDA TITLE:** Adopt Resolution Authorizing the City Manager to Terminate the Professional Services Agreement with ZGlobal Engineering and Energy Solutions and Execute a Professional Services Agreement with GP Strategies of Amherst, New York for Compliance Services (\$60,000)

**MEETING DATE:** June 6, 2012

**PREPARED BY:** Electric Utility Director

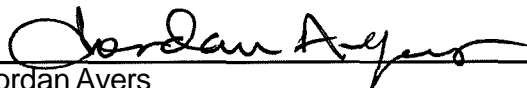
**RECOMMENDED ACTION:** Adopt a resolution authorizing the City Manager to terminate the Professional Services Agreement with ZGlobal Engineering and Energy Solutions and execute a Professional Services Agreement with GP Strategies of Amherst, New York for Compliance Services in an amount not to exceed \$60,000.

**BACKGROUND INFORMATION:** On October 5, 2011 the City Council adopted Resolution No. 2011-152 authorizing the City Manager to execute a two-year Professional Services Agreement with ZGlobal Engineering and Energy Solutions of Folsom for Compliance Services.

In April 2012 City staff was informed ZGlobal's key compliance employee, Mary Jo Cooper, was leaving the firm. Ms. Cooper informed City staff she will be providing the same compliance services for GP Strategies of Amherst, New York as the Director of Transmission Services in California. ZGlobal will continue to provide this service, however to maintain continuity with the City's compliance program staff recommends terminating the existing agreement with ZGlobal and executing a new agreement with GP Strategies.

**FISCAL IMPACT:** No additional funding is required.

**FUNDING:** Included in FY2012/13 Budget Account Numbers 160601 and 160652.

  
Jordan Ayers  
Deputy City Manager/Internal Services Director

  
Elizabeth A. Kirkley  
Electric Utility Director

**PREPARED BY:** Elizabeth Kirkley, Electric Utility Director

**APPROVED:**   
Konrad Bartlam, City Manager

## **AGREEMENT FOR PROFESSIONAL SERVICES**

### **ARTICLE 1 PARTIES AND PURPOSE**

#### **Section 1.1 Parties**

THIS AGREEMENT is entered into on June 6, 2012, by and between the CITY OF LODI, a municipal corporation (hereinafter "CITY"), and GP Strategies Corporation (hereinafter "CONTRACTOR").

#### **Section 1.2 Purpose**

CITY selected the CONTRACTOR to provide the services required in accordance with attached Scope of Services, Exhibit A, attached and incorporated by this reference.

CITY wishes to enter into an agreement with CONTRACTOR for the formulation of a partnership in the management of the North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC) compliance program (hereinafter "Project") as set forth in the Scope of Services attached here as Exhibit A. CONTRACTOR acknowledges that it is qualified to provide such services to CITY.

### **ARTICLE 2 SCOPE OF SERVICES**

#### **Section 2.1 Scope of Services**

CONTRACTOR, for the benefit and at the direction of CITY, shall perform the Scope of Services as set forth in Exhibit A.

#### **Section 2.2 Time For Commencement and Completion of Work**

CONTRACTOR shall commence work pursuant to this Agreement, upon receipt of a written notice to proceed from CITY or on the date set forth in Section 2.6, whichever occurs first, and shall perform all services diligently and complete work under this Agreement based on a mutually agreed upon timeline or as otherwise designated in the Scope of Services.

CONTRACTOR shall submit to CITY such reports, diagrams, drawings and other work products as may be designated in the Scope of Services.

CONTRACTOR shall not be responsible for delays caused by the failure of CITY staff to provide required data or review documents within the appropriate time frames. The review time by CITY and any other agencies involved in the project shall not be

counted against CONTRACTOR's contract performance period. Also, any delays due to weather, vandalism, acts of God, etc., shall not be counted. CONTRACTOR shall remain in contact with reviewing agencies and make all efforts to review and return all comments.

**Section 2.3 Meetings**

CONTRACTOR shall attend meetings as may be set forth in the Scope of Services.

**Section 2.4 Staffing**

CONTRACTOR acknowledges that CITY has relied on CONTRACTOR's capabilities and on the qualifications of CONTRACTOR's principals and staff as identified in its proposal to CITY. The Scope of Services shall be performed by CONTRACTOR, unless agreed to otherwise by CITY in writing. CITY shall be notified by CONTRACTOR of any change of Project Manager and CITY is granted the right of approval of all original, additional and replacement personnel at CITY's sole discretion and shall be notified by CONTRACTOR of any changes of CONTRACTOR's project staff prior to any change.

CONTRACTOR represents it is prepared to and can perform all services within the Scope of Services (Exhibit A) and is prepared to and can perform all services specified therein. CONTRACTOR represents that it has, or will have at the time this Agreement is executed, all licenses, permits, qualifications, insurance and approvals of whatsoever nature are legally required for CONTRACTOR to practice its profession, and that CONTRACTOR shall, at its own cost and expense, keep in effect during the life of this Agreement all such licenses, permits, qualifications, insurance and approvals, and shall indemnify, defend and hold harmless CITY against any costs associated with such licenses, permits, qualifications, insurance and approvals which may be imposed against CITY under this Agreement.

**Section 2.5 Subcontracts**

Unless prior written approval of CITY is obtained, CONTRACTOR shall not enter into any subcontract with any other party for purposes of providing any work or services covered by this Agreement.

**Section 2.6 Term**

The term of this Agreement commences on June 6, 2012 and terminates upon the completion of the Scope of Services or on June 30, 2014, whichever occurs first.

## **ARTICLE 3**

### **COMPENSATION**

#### **Section 3.1    Compensation**

CONTRACTOR's compensation for all work under this Agreement shall conform to the provisions of the Fee Proposal, attached hereto as Exhibit B and incorporated by this reference.

CONTRACTOR shall not undertake any work beyond the scope of this Agreement unless such additional work is approved in advance and in writing by CITY.

#### **Section 3.2    Method of Payment**

CONTRACTOR shall submit invoices for completed work on a monthly basis, or as otherwise agreed, providing, without limitation, details as to amount of hours, individual performing said work, hourly rate, and indicating to what aspect of the Scope of Services said work is attributable. CONTRACTOR's compensation for all work under this Agreement shall not exceed the amount of the Fee Proposal.

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#### **Section 3.4    Auditing**

CITY reserves the right to periodically audit all charges made by CONTRACTOR to CITY for services under this Agreement. Upon request, CONTRACTOR agrees to furnish CITY, or a designated representative, with necessary information and assistance needed to conduct such an audit.

CONTRACTOR agrees that CITY or its delegate will have the right to review, obtain and copy all records pertaining to performance of this Agreement. CONTRACTOR agrees to provide CITY or its delegate with any relevant information requested and shall permit CITY or its delegate access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. CONTRACTOR further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.

**ARTICLE 4**  
**MISCELLANEOUS PROVISIONS**

**Section 4.1 Nondiscrimination**

In performing services under this Agreement, CONTRACTOR shall not discriminate in the employment of its employees or in the engagement of any sub CONTRACTOR on the basis of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, age, or any other criteria prohibited by law.

**Section 4.2 ADA Compliance**

In performing services under this Agreement, CONTRACTOR shall comply with the Americans with Disabilities Act (ADA) of 1990, and all amendments thereto, as well as all applicable regulations and guidelines issued pursuant to the ADA.

**Section 4.3 Indemnification and Responsibility for Damage**

CONTRACTOR to the fullest extent permitted by law, shall indemnify and hold harmless CITY, its elected and appointed officials, directors, officers, employees and volunteers from and against any claims, damages, losses, and expenses (including reasonable attorney's fees), arising out of performance of the services to be performed under this Agreement, provided that any such claim, damage, loss, or expense is caused by the negligent acts, errors or omissions of CONTRACTOR, any subcontractor employed directly by CONTRACTOR, anyone directly or indirectly employed by any of them, or anyone for whose acts they may be liable, except those injuries or damages arising out of the active negligence of the City of Lodi or its officers or agents.

**Section 4.4 No Personal Liability**

Neither the City Council, nor any other officer or authorized assistant or agent or City employee shall be personally responsible for any liability arising under this Agreement.

**Section 4.5 Responsibility of CITY**

CITY shall not be held responsible for the care or protection of any material or parts of the work described in the Scope of Services prior to final acceptance by CITY, except as expressly provided herein.

**Section 4.6 Insurance Requirements for CONTRACTOR**

CONTRACTOR shall take out and maintain during the life of this Agreement, insurance coverage as set forth in Exhibit C attached hereto and incorporated by this reference.

**Section 4.7 Successors and Assigns**

CITY and CONTRACTOR each bind themselves, their partners, successors, assigns, and legal representatives to this Agreement without the written consent of the others. CONTRACTOR shall not assign or transfer any interest in this Agreement without the prior written consent of CITY. Consent to any such transfer shall be at the sole discretion of CITY.

**Section 4.8 Notices**

Any notice required to be given by the terms of this Agreement shall be in writing signed by an authorized representative of the sender and shall be deemed to have been given when the same is personally served or upon receipt by express or overnight delivery, postage prepaid, or three (3) days from the time of mailing if sent by first class or certified mail, postage prepaid, addressed to the respective parties as follows:

To CITY:                      City of Lodi  
                                     221 West Pine Street  
                                     P.O. Box 3006  
                                     Lodi, CA 95241-1910  
                                     Attn: Electric Utility Director

To CONTRACTOR:      GP Strategies Corporation  
                                     25 North Pointe Parkway  
                                     Amherst, New York 14228  
                                     Attn: Mary Jo Cooper

**Section 4.9 Cooperation of CITY**

CITY shall cooperate fully and in a timely manner in providing relevant information it has at its disposal relevant to the Scope of Services.

**Section 4.10 CONTRACTOR is Not an Employee of CITY**

CONTRACTOR agrees that in undertaking the duties to be performed under this Agreement, it shall act as an independent contractor for and on behalf of CITY and not an employee of CITY. CITY shall not direct the work and means for accomplishment of the services and work to be performed hereunder. CITY, however, retains the right to require that work performed by CONTRACTOR meet specific standards without regard to the manner and means of accomplishment thereof.

**Section 4.11 Termination**

CITY may terminate this Agreement, with or without cause, by giving CONTRACTOR at least ten (10) days written notice. Where phases are anticipated within the Scope of Services, at which an intermediate decision is required concerning whether to proceed further, CITY may terminate at the conclusion of any such phase.

Upon termination, CONTRACTOR shall be entitled to payment as set forth in the attached Exhibit B to the extent that the work has been performed. Upon termination, CONTRACTOR shall immediately suspend all work on the Project and deliver any documents or work in progress to CITY. However, CITY shall assume no liability for costs, expenses or lost profits resulting from services not completed or for contracts entered into by CONTRACTOR with third parties in reliance upon this Agreement.

**Section 4.12 Confidentiality**

CONTRACTOR agrees to maintain confidentiality of all work and work products produced under this Agreement, except to the extent otherwise required by law or permitted in writing by CITY. CITY agrees to maintain confidentiality of any documents owned by CONTRACTOR and clearly marked by CONTRACTOR as "Confidential" or "Proprietary", except to the extent otherwise required by law or permitted in writing by CONTRACTOR. CONTRACTOR acknowledges that CITY is subject to the California Public Records Act.

**Section 4.13 Applicable Law, Jurisdiction, Severability, and Attorney's Fees**

This Agreement shall be governed by the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be venued with the San Joaquin County Superior Court. If any part of this Agreement is found to conflict with applicable laws, such part shall be inoperative, null, and void insofar as it is in conflict with said laws, but the remainder of this Agreement shall be in force and effect. In the event any dispute between the parties arises under or regarding this Agreement, the prevailing party in any litigation of the dispute shall be entitled to reasonable attorney's fees from the party who does not prevail as determined by the San Joaquin County Superior Court.

**Section 4.14 City Business License Requirement**

CONTRACTOR acknowledges that Lodi Municipal Code Section 3.01.020 requires CONTRACTOR to have a city business license and CONTRACTOR agrees to secure such license and pay the appropriate fees prior to performing any work hereunder.

**Section 4.15 Captions**

The captions of the sections and subsections of this Agreement are for convenience only and shall not be deemed to be relevant in resolving any question or interpretation or intent hereunder.

**Section 4.16 Integration and Modification**

This Agreement represents the entire understanding of CITY and CONTRACTOR as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing, signed by both parties.

**Section 4.17 Contract Terms Prevail**

All exhibits and this Agreement are intended to be construed as a single document. Should any inconsistency occur between the specific terms of this Agreement and the attached exhibits, the terms of this Agreement shall prevail.

**Section 4.18 Severability**

The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.

**Section 4.19 Ownership of Documents**

All documents, photographs, reports, analyses, audits, computer media, or other material documents or data, and working papers, whether or not in final form, which have been obtained or prepared under this Agreement, shall be deemed the property of CITY. Upon CITY's request, CONTRACTOR shall allow CITY to inspect all such documents during CONTRACTOR's regular business hours. Upon termination or completion of services under this Agreement, all information collected, work product and documents shall be delivered by CONTRACTOR to CITY within ten (10) calendar days.

CITY agrees to indemnify, defend and hold CONTRACTOR harmless from any liability resulting from CITY's use of such documents for any purpose other than the purpose for which they were intended.

**Section 4.20 Authority**

The undersigned hereby represent and warrant that they are authorized by the parties to execute this Agreement.

**Section 4.21 Federal Transit Funding Conditions**

☐ If the box at left is checked, the Federal Transit Funding conditions attached as Exhibit        apply to this contract. In the event of a conflict between the terms of this contract or any of its other exhibits, and the Federal Transit Funding Conditions, the Federal Transit Funding Conditions will control.



IN **WITNESS** WHEREOF, **CITY** and **CONTRACTOR** have **executed** this Agreement **as of the date** first above **written**.

CITY OF LODI, a municipal corporation


ATTEST:


\_\_\_\_\_  
RANDI JOHL  
city clerk

\_\_\_\_\_  
KONRADT BARTLAM, City Manager

APPROVED AS TO FORM:  
D. STEPHEN SCHWABAUER, City Attorney  
JANICE D. MAGDICH, Deputy City Attorney

CONTRACTOR GP Strategies Corp.

By: \_\_\_\_\_  


By:   
Name: JOSEPH NASAL  
Title: Senior Vice President, GP Strategies

Attachments:  
Exhibit A – Scope of Services  
Exhibit B – Fee Proposal  
Exhibit C – Insurance Requirements

Funding Source: 160601.7323  
(Business Unit & Account No.)

Doc ID:

CArev.01.2012



May 21, 2012  
GP-L-1138-12-013R4

Ms. Elizabeth Kirkley  
Lodi Electric Utility Director  
City of Lodi  
1331 South Ham  
Lodi, CA 95242

Via email:

Subject: Proposal to Provide Compliance Review Services for City of Lodi

Dear Ms. Kirkley:

On behalf of GP Strategies Corporation (GP Strategies), thank you for considering our NERC/WECC compliance management services. We are pleased to submit this proposal to assist City of Lodi Electric Utility Department (Lodi EUD) with identifying, responding to, and tracking requirements associated with the North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC). We hope this letter provides you with the information you need to begin working with GP Strategies' team. We welcome any comments or suggestions you may have.

### **Service Overview**

These services offered are to provide Lodi EUD NERC/WECC compliance administration services that incorporate a customized Microsoft SharePoint platform for continuous tracking and audit readiness. The services assist Lodi EUD stay abreast and respond to NERC and WECC regulatory requirements, monitor process activities to ensure compliance completeness, accuracy, and timeliness. We will manage and support other activities to prepare for self-certifications, and audits, and report status of Lodi EUDs NERC/WECC compliance program to the Lodi EUD executive team. The services offered are on-going as defined in the scope of work.

### **Scope of Work**

Our approach involves providing ongoing services and support including access to a branded and individualized client site for compliance tracking. GP Strategies will support your compliance program by performing the following tasks:

1. Enhance, modify, and support the Lodi EUD SharePoint. The SharePoint solution is used to document the City's methodologies for complying with the standards and maintain evidence. Customized reporting forms have been developed to track and manage

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The information contained in this proposal is considered proprietary. It is furnished in confidence, with the understanding that it will not, without the permission of GP Strategies Corporation, be used or disclosed for other than evaluation purposes.

ongoing operational processes required as part of the compliance program. Support of the Lodi EUD SharePoint system to manage the compliance program includes:

- Providing five (5) licenses to access the Lodi EUD SharePoint portal as maintained by GP Strategies
  - Providing management of User Accounts at the direction of Lodi EUD Senior Management
  - Maintaining current list of applicable standards and requirements
  - Maintaining the repository of GP Strategy and Lodi's assessment and documentation on how Lodi EUD complies with the standards and requirements in the associated process. These include but are not limited to:
    - Sabotage recognition and reporting
    - Risk based assessment of critical assets
    - Bulk electric system disturbance identification and reporting
    - Facility interconnection requirements
    - Telecommunication and communication protocol
    - Energy emergency alert response
    - Capacity benefit margin
    - Long and short-term actual and forecast load assessment including demand side management products
    - Maintenance, testing, and monitoring of BES protection equipment
    - Under Frequency Load Shedding assessment and reporting
    - Protection System Misoperations
    - Relay settings documentation
    - Uniform line identifiers
  - Creating and maintaining association of standards and requirements with related processes for reporting purposes
  - Storing procedures prepared by GP Strategies and Lodi
  - Documenting and prioritizing risks
  - Monitoring controls
  - Developing compliance forms used to log Evidence of Compliance to applicable NERC Requirements for client as a Load Serving Entity (LSE) and Distribution Provider (DP)
  - Assisting with uploading evidence to the Lodi EUD SharePoint site
  - Developing workflows for reminders of compliance related deadlines
  - Tracking outstanding tasks logged on the SharePoint site for subject matter experts or process owners
2. Perform an assessment of all FERC approved NERC and WECC regulatory Standards compared to the City interconnection and Tariff agreements (NCPA, PG&E, and CAISO) to determine and document the applicability of the requirements. We will document the processes or methodologies, procedures, and equipment needed to comply with the requirements. We will provide the following services:
- A review of all existing materials for adequacy
  - Recommendations for improvement
  - Prepare procedures
  - Review evidence

- Obtain and review secondary evidence with the assistance of the City, identify where gaps exist and propose solutions to close gaps
- 3. Maintain current NERC compliance related procedures. These procedures include, but are not limited to:
  - Event Analysis (BES Disturbance, UFLS Event, Protection System Misoperation)
  - Facility Additions and Modifications
  - Model Data Submittals
  - NERC Alert Response
  - Protection System Maintenance
  - Risk Based Assessment Methodology
  - Sabotage Recognition and Reporting
- 4. Provide training programs for compliance related procedures and processes
  - Instructor-led training
  - GPiLEARN on-line compliance training
- 5. Support the Lodi EUD Internal Compliance Program (ICP) specific to NERC and WECC compliance standards and requirements by:
  - Prepare and submit quarterly status reports to Lodi EUD senior management that includes the:
    - Health of ICP
    - Status of any potential non-compliance activity
    - Status of mitigation plans for any non-compliance reports
    - Status on activities required to prepare for compliance with all new FERC approved standards
    - Summary and status of requests for standards authorization, new criteria, or rules that impact the City
  - Provide support for Standards, Compliance Application Notices, regional criterion development by either participation with development team or by providing comments and voting according to Lodi EUD direction
  - Provide summary notes from compliance group meetings and other industry forums to client
  - Develop communication materials to demonstrate a commitment to compliance
  - Coordinate the completion of the annual risk assessment
  - Perform annual internal audit and present the report of findings
  - One month prior to the WECC self-certification due date for each Standard, we will review compliance materials and issue a report of recommendations for Self-Certification to the Compliance Officer. The evidence of the review will be logged in preparation for a possible spot audit.
  - Complete WECC data reporting including but not limited to Self-Certification, Spot Audits, Off-Site and On-Site Audit materials. The audit preparation includes preparing all Reliability Standard Audit Worksheets (RSAWs) and evidence for spot audits, table top audits and on-sight audits. The evidence will be clearly identified in each document and electronically assemble in file folder structure for each requirement and sub-requirement of each Standard. The file folder will be provided to the process owner(s) for acceptance and senior management for

- certification. All auditor follow-up questions will be directed through GP Strategies to assure immediate and timely response.
- Review and monitor completion of mitigation plans for identified gaps, non-compliance, new Standards preparation, or relay Misoperations
  - Assist with interfacing with WECC, NERC, and FERC on compliance related issues
  - Assist with interfacing with PG&E, CAISO, NCPA, FBI and other entities to gather NERC and WECC Compliance related evidence
  - Assist with responding to NERC Alerts and NERC investigation requests.
  - Provide up to 24 man-hours of Non-Compliance management assistance. Requested assistance in excess of the 24 man-hours will be billed at our time and material rate of \$165/hr. (Note this service does not include legal support)
6. Perform annual review and update Internal Compliance Program (ICP) documents. The documents include but are not limited
- A description of the City's compliance management structure.
  - A description of the process for reporting and investigating potential violations.
  - A description of the City's mechanisms that allow for anonymity or confidentiality, whereby the City's employees and agents may report or seek guidance regarding potential or actual violations without fear of retaliation.
  - Overview awareness training to the City's governing authority, directors, management, and individual(s) who have been delegated with day-to-day operational responsibility for compliance to requirements.
  - A description of the City's program that prevents and detects violations including:
    - Training programs
    - Processes
    - Procedures
    - Controls
    - Self-audits
  - The City's incentives for its employees or agents to perform in accordance with the compliance program
  - The City's disciplinary measures for employees or agents engaging in violations and for failing to take reasonable steps to prevent or detect violations
  - Annual internal audit schedule for applicable regulatory standards
  - A description of City's process for self-certifying compliance to regulatory standards

### **Lodi Responsibilities**

Although GP Strategies proposed work provides coverage of all aspects of the Lodi EUD NERC/WECC program, Lodi EUD will retain responsibility for certain functions and tasks. These include but are not limited to:

- Review and approval of the documented Internal Compliance Program (ICP)
- Oversight and Ownership of the ICP
- Review and approval of all procedures
- Review and approval of all forms

- Review, comment and approval of the annual Risk Assessment
- Review, comment and approval of program controls
- Log data using approved forms. For example sabotage incidents, event driven outages, maintenance, control room entry logs, etc.
- Provide data or studies as required by NERC, WECC or other entities. For example loads and resource forecast, historical usages, modeling of facilities, system studies, etc.
- Perform reliability related process. For example protection system maintenance, relay settings, submit timely data, report Misoperations, report BES Disturbances, etc.
- Compliance with all Standards and Requirements
- Attend compliance training
- Review, comment and approval of all audit materials
- Review, comment and acceptance of status reports, internal audit reports, mock audit reports, self-certification preparation report, etc.
- Provide determination on compliance and determination for self-reporting

### **Project Costs**

GP Strategies proposes to perform the monthly service and support work associated with this program from June 06, 2012 through June 30, 2014, for the fixed price of \$54,577.

GP Strategies proposes the following billing milestones:

- |                                     |                   |
|-------------------------------------|-------------------|
| • June 06, 2012 – October 31, 2012  | \$1,100 per month |
| • November 01, 2012 – June 30, 2014 | \$2,583 per month |

In addition to the labor outlined above, any travel expenses requested by Lodi EUD of distances beyond 200 miles from City of Lodi will be billed at cost, plus a 15% administrative fee. GP Strategies anticipates 5 onsite visits per year. GP Strategies will request official approval for increase in project funding prior to incurring travel costs. GP Strategies will bill Lodi EUD monthly for any travel and living costs incurred.

Lodi EUD Purchase Order should reference this proposal number (GP-L-1138-12-013), and be forwarded to:

Ms. Helen Kelly  
General Physics Corporation  
6095 Marshalee Drive, Suite 300  
Elkridge, MD 21075  
Fax: 410-540-5304  
Email: [hkelly@gpstrategies.com](mailto:hkelly@gpstrategies.com)

Our billing terms are net 30 days, and this proposal will be valid through June 30, 2012.

### **Summary**

GP Strategies is uniquely qualified to provide this service to Lodi EUD. Mary Jo Cooper, our Director of NERC Compliance Services, has 5 years of experience working with clients just like Lodi EUD in support of their federal and regional regulatory standards and requirements. GP Strategies can provide Lodi EUD with the tools, knowledge and skills necessary to respond to the regulatory requirements applicable to your unique organization.

Thank you for the interest in GP Strategies NERC/WECC compliance administration services. We will follow up with you to ensure this proposal meets your needs and answer any questions you may have. In the meantime, please feel free to contact me at 916-833-3369 or [mjcooper@gpstrategies.com](mailto:mjcooper@gpstrategies.com) if you have any immediate questions.

Sincerely,

Mary Jo Cooper  
Director, T&D Services  
Energy Services

MJC/hk

cc     B Neff (GP Strategies)  
       M Brown (GP Strategies)  
       W Green (GP Strategies)

C-12  
Blue Sheet

## **AGREEMENT FOR PROFESSIONAL SERVICES**

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### **Section 3.4    Auditing**

CITY reserves the right to periodically audit all charges made by CONTRACTOR to CITY for services under this Agreement.- Upon request, CONTRACTOR agrees to furnish CITY, or a designated representative, with necessary information and assistance needed to conduct such an audit.

CONTRACTOR agrees that CITY or its delegate will have the right to review, obtain and copy all records pertaining to performance of this Agreement. CONTRACTOR agrees to provide CITY or its delegate with any relevant information requested and shall permit CITY or its delegate access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. CONTRACTOR further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.

**ARTICLE 4**  
**MISCELLANEOUS PROVISIONS**

**Section 4.1    Nondiscrimination**

In performing services under this Agreement, CONTRACTOR shall not discriminate in the employment of its employees or in the engagement of any sub CONTRACTOR on the basis of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, age, or any other criteria prohibited by law.

**Section 4.2    ADA Compliance**

In performing services under this Agreement, CONTRACTOR shall comply with the Americans with Disabilities Act (ADA) of 1990, and all amendments thereto, as well as all applicable regulations and guidelines issued pursuant to the ADA.

**Section 4.3    Indemnification and Responsibility for Damage**

CONTRACTOR to the fullest extent permitted by law, shall indemnify and hold harmless CITY, its elected and appointed officials, directors, officers, employees and volunteers from and against any claims, damages, losses, and expenses (including reasonable attorney's fees), arising out of performance of the services to be performed under this Agreement, provided that any such claim, damage, **loss**, or expense is caused by the negligent acts, errors or omissions of CONTRACTOR, any subcontractor employed directly by CONTRACTOR, anyone directly or indirectly employed by any of them, or anyone for whose acts they may be liable, except those injuries or damages arising out of the active negligence of the City of Lodi or its officers or agents.

**Section 4.4    No Personal Liability**

Neither the City Council, nor any other officer or authorized assistant or agent or City employee shall be personally responsible for any liability arising under this Agreement.

**Section 4.5    Responsibility of CITY**

CITY shall not be held responsible for the care or protection of any material or parts of the work described in the Scope of Services prior to final acceptance by CITY, except as expressly provided herein.

**Section 4.6    Insurance Reauirements for CONTRACTOR**

CONTRACTOR shall take out and maintain during the life of this Agreement, insurance coverage as set forth in Exhibit C attached hereto and incorporated by this reference.

#### **Section 4.7 Successors and Assigns**

CITY and CONTRACTOR each bind themselves, their partners, successors, assigns, and legal representatives to this Agreement without the written consent of the others. CONTRACTOR shall not assign or transfer any interest in this Agreement without the prior written consent of CITY. Consent to any such transfer shall be at the sole discretion of CITY.

#### **Section 4.8 Notices**

Any notice required to be given by the terms of this Agreement shall be in writing signed by an authorized representative of the sender and shall be deemed to have been given when the same is personally served or upon receipt by express or overnight delivery, postage prepaid, or three (3) days from the time of mailing if sent by first class or certified mail, postage prepaid, addressed to the respective parties as follows:

To CITY: City of Lodi  
221 West Pine Street  
P.O. Box 3006  
Lodi, CA 95241-1910  
Attn: Electric Utility Director

To CONTRACTOR: GP Strategies Corporation  
25 North Pointe Parkway  
Amherst, New York 14228  
Attn: Mary Jo Cooper

#### **Section 4.9 Cooperation of CITY**

CITY shall cooperate fully and in a timely manner in providing relevant information it has at its disposal relevant to the Scope of Services.

#### **Section 4.10 CONTRACTOR is Not an Employee of CITY**

CONTRACTOR agrees that in undertaking the duties to be performed under this Agreement, it shall act as an independent contractor for and on behalf of CITY and not an employee of CITY. CITY shall not direct the work and means for accomplishment of the services and work to be performed hereunder. CITY, however, retains the right to require that work performed by CONTRACTOR meet specific standards without regard to the manner and means of accomplishment thereof.

#### **Section 4.11 Termination**

CITY may terminate this Agreement, with or without cause, by giving CONTRACTOR at least ten (10) days written notice. Where phases are anticipated within the Scope of Services, at which an intermediate decision is required concerning whether to proceed further, CITY may terminate at the conclusion of any such phase.

Upon termination, CONTRACTOR shall be entitled to payment as set forth in the attached Exhibit **B** to the extent that the work has been performed. Upon termination, CONTRACTOR shall immediately suspend all work on the Project and deliver any documents or work in progress to CITY. However, CITY shall assume no liability for costs, expenses or lost profits resulting from services not completed or for contracts entered into by CONTRACTOR with third parties in reliance upon this Agreement.

**Section 4.12 Confidentiality**

CONTRACTOR agrees to maintain confidentiality of all work and work products produced under this Agreement, except to the extent otherwise required by law or permitted in writing by CITY. CITY agrees to maintain confidentiality of any documents owned by CONTRACTOR and clearly marked by CONTRACTOR as "Confidential" or "Proprietary", except to the extent otherwise required by law or permitted in writing by CONTRACTOR. CONTRACTOR acknowledges that CITY is subject to the California Public Records Act.

**Section 4.13 Applicable Law, Jurisdiction, Severability, and Attorney's Fees**

This Agreement shall be governed by the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be venued with the San Joaquin County Superior Court. If any part of this Agreement is found to conflict with applicable laws, such part shall be inoperative, null, and void insofar as it is in conflict with said laws, but the remainder of this Agreement shall be in force and effect. In the event any dispute between the parties arises under or regarding this Agreement, the prevailing party in any litigation of the dispute shall be entitled to reasonable attorney's fees from the party who does not prevail as determined by the San Joaquin County Superior Court.

**Section 4.14 City Business License Requirement**

CONTRACTOR acknowledges that Lodi Municipal Code Section 3.01.020 requires CONTRACTOR to have a city business license and CONTRACTOR agrees to secure such license and pay the appropriate fees prior to performing any work hereunder.

**Section 4.15 Captions**

The captions of the sections and subsections of this Agreement are for convenience only and shall not be deemed to be relevant in resolving any question or interpretation or intent hereunder.

#### **Section 4.16 Interpretation and Modification**

This Agreement shall constitute the entire understanding of CITY and CONTRACTOR as to the matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing, signed by both parties.

#### **Section 4.17 Contract to Prevail**

The exhibits and this Agreement are intended to be construed as a single document. Should any inconsistency occur between the specific terms of this Agreement and the attached exhibits, the terms of this Agreement shall prevail.

#### **Section 4.18 Severability**

The invalidity in whole or in part of any provision of this Agreement shall not affect the validity of any other provision of this Agreement.

#### **Section 4.19 Ownership of Documents**

All documents, photographs, notes, e-mails, audits, computer media, or other material documents or data and working papers, whether or not in final form which have been obtained or prepared under this Agreement, shall be deemed the property of CITY. Upon CITY's request, CONTRACTOR shall allow CITY to inspect all such documents during CONTRACTOR's regular business hours. Upon termination or completion of services under this Agreement, all information collected, work product and documents shall be delivered by CONTRACTOR to CITY within ten (10) calendar days.

CONTRACTOR agrees to indemnify, defend and hold CITY harmless from any liability resulting from CITY's use of such documents for any purpose other than the purpose for which they were intended.

#### **Section 4.20 Assignment**

Neither party shall assign, subcontract, or otherwise transfer its obligations under this Agreement without the prior written consent of the other party.

#### **Section 4.21 Federal Transit Funding Conditions**

If the box at left is checked, the Federal Transit Funding conditions attached as Exhibit 1 shall apply to this contract. In the event of a conflict between the terms of this contract or any of its other exhibits and the Federal Transit Funding Conditions, the Federal Transit Funding Conditions will control.

IN WITNESS WHEREOF, CITY and CONTRACTOR have executed this Agreement as of the date first above written.

CITY OF LODI, a municipal corporation

ATTEST:

\_\_\_\_\_  
RANDI JOHL  
City Clerk

\_\_\_\_\_  
KONRADT BARTLAM, City Manager

APPROVED AS TO FORM:  
D. STEPHEN SCHWABAUER, City Attorney  
JANICE D. MAGDICH, Deputy City Attorney

CONTRACTOR: GP Strategies Corp.

By: \_\_\_\_\_  


By:   
Name: JOSEPH NASAL  
Title: Senior Vice President, GP Strategies

Attachments:  
Exhibit A - Scope of Services  
Exhibit B - Fee Proposal  
Exhibit C - Insurance Requirements

Funding Source: 160601.7323  
(Business Unit & Account No.)

Doc ID:

CArev.01.2012



June 5, 2012  
GP-L-1138-12-013R5

Ms. Elizabeth Kirkley  
Lodi Electric Utility Director  
City of Lodi  
1331 South Ham  
Lodi, CA 95242

Via email:

Subject: Proposal to Provide Compliance Review Services for City of Lodi

Dear Ms. Kirkley:

On behalf of GP Strategies Corporation (GP Strategies), thank you for considering our NERC/WECC compliance management services. We are pleased to submit this proposal to assist City of Lodi Electric Utility Department (Lodi EUD) with identifying, responding to, and tracking requirements associated with the North American Electric Reliability Corporation (NERC) and Western Electricity Coordinating Council (WECC). We hope this letter provides you with the information you need to begin working with GP Strategies' team. We welcome any comments or suggestions you may have.

### **Service Overview**

These services offered are to provide Lodi EUD NERC/WECC compliance administration services that incorporate a customized Microsoft SharePoint platform for continuous tracking and audit readiness. The services assist Lodi EUD stay abreast and respond to NERC and WECC regulatory requirements, monitor process activities to ensure compliance completeness, accuracy, and timeliness. We will manage and support other activities to prepare for self-certifications, and audits, and report status of Lodi EUDs NERC/WECC compliance program to the Lodi EUD executive team. The services offered are on-going as defined in the scope of work.

### **Scope of Work**

Our approach involves providing ongoing services and support including access to a branded and individualized client site for compliance tracking. GP Strategies will support your compliance program by performing the following tasks:

1. Enhance, modify, and support the Lodi EUD Sharepoint. The SharePoint solution **is** used to document the City's methodologies for complying with the standards and maintain evidence. Customized reporting forms have been developed to track and manage

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The information contained in this proposal is considered proprietary. It is furnished in confidence, with the understanding that it will not, without the permission of GP Strategies Corporation, be used or disclosed for other than evaluation purposes.



ongoing operational processes required as part of the compliance program. Support of the Lodi EUD SharePoint system to manage the compliance program includes:

- Providing five (5) licenses to access the Lodi EUD SharePoint portal as maintained by GP Strategies
  - Providing management of User Accounts at the direction of Lodi EUD Senior Management
  - Maintaining current list of applicable standards and requirements
  - Maintaining the repository of GP Strategy and Lodi's assessment and documentation on how Lodi EUD complies with the standards and requirements in the associated process. These include but are not limited to:
    - Sabotage recognition and reporting
    - Risk based assessment of critical assets
    - Bulk electric system disturbance identification and reporting
    - Facility interconnection requirements
    - Telecommunication and communication protocol
    - Energy emergency alert response
    - Capacity benefit margin
    - Long and short-term actual and forecast load assessment including demand side management products
    - Maintenance, testing, and monitoring of BES protection equipment
    - Under Frequency Load Shedding assessment and reporting
    - Protection System Misoperations
    - Relay settings documentation
    - Uniform line identifiers
  - Creating and maintaining association of standards and requirements with related processes for reporting purposes
  - Storing procedures prepared by GP Strategies and Lodi
  - Documenting and prioritizing risks
  - Monitoring controls
  - Developing compliance forms used to log Evidence of Compliance to applicable NERC Requirements for client as a Load Serving Entity (LSE) and Distribution Provider (DP)
  - Assisting with uploading evidence to the Lodi EUD SharePoint site
  - Developing workflows for reminders of compliance related deadlines
  - Tracking outstanding tasks logged on the SharePoint site for subject matter experts or process owners
2. Perform an assessment of all FERC approved NERC and WECC regulatory Standards compared to the City interconnection and Tariff agreements (NCPA, PG&E, and CAISO) to determine and document the applicability of the requirements. We will document the processes or methodologies, procedures, and equipment needed to comply with the requirements. We will provide the following services:
- A review of all existing materials for adequacy
  - Recommendations for improvement
  - Prepare procedures
  - Review evidence

- Obtain and review secondary evidence with the assistance of the City, identify where gaps exist and propose solutions to close gaps
- 3. Maintain current NERC compliance related procedures. These procedures include, but are not limited to:
  - Event Analysis (BES Disturbance, UFLS Event, Protection System Misoperation)
  - Facility Additions and Modifications
  - Model Data Submittals
  - NERC Alert Response
  - Protection System Maintenance
  - Risk Based Assessment Methodology
  - Sabotage Recognition and Reporting
- 4. Provide training programs for compliance related procedures and processes
  - Instructor-led training
  - GPiLEARN on-line compliance training
- 5. Support the Lodi EUD Internal Compliance Program (ICP) specific to NERC and WECC compliance standards and requirements by:
  - Prepare and submit quarterly status reports to Lodi EUD senior management that includes the:
    - Health of ICP
    - Status of any potential non-compliance activity
    - Status of mitigation plans for any non-compliance reports
    - Status on activities required to prepare for compliance with all new FERC approved standards
    - Summary and status of requests for standards authorization, new criteria, or rules that impact the City
  - Provide support for Standards, Compliance Application Notices, regional criterion development by either participation with development team or by providing comments and voting according to Lodi EUD direction
  - Provide summary notes from compliance group meetings and other industry forums to client
  - Develop communication materials to demonstrate a commitment to compliance
  - Coordinate the completion of the annual risk assessment
  - Perform annual internal audit and present the report of findings
  - One month prior to the WECC self-certification due date for each Standard, we will review compliance materials and issue a report of recommendations for Self-Certification to the Compliance Officer. The evidence of the review will be logged in preparation for a possible spot audit.
  - Complete WECC data reporting including but not limited to Self-Certification, Spot Audits, Off-Site and On-Site Audit materials. The audit preparation includes preparing all Reliability Standard Audit Worksheets (RSAWs) and evidence for spot audits, table top audits and on-sight audits. The evidence will be clearly identified in each document and electronically assemble in file folder structure for each requirement and sub-requirement of each Standard. The file folder will be provided to the process owner(s) for acceptance and senior management for

- certification. All auditor follow-up questions will be directed through GP Strategies to assure immediate and timely response.
- Review and monitor completion of mitigation plans for identified gaps, non-compliance, new Standards preparation, or relay Misoperations
  - Assist with interfacing with WECC, NERC, and FERC on compliance related issues
  - Assist with interfacing with PG&E, CAISO, NCPA, FBI and other entities to gather NERC and WECC Compliance related evidence
  - Assist with responding to NERC Alerts and NERC investigation requests.
  - Provide up to **24** man-hours of Non-Compliance management assistance. Requested assistance in excess of the **24** man-hours will be billed at our time and material rate of \$165/hr. (Note this service does not include legal support)
6. Perform annual review and update Internal Compliance Program (ICP) documents. The documents include but are not limited
- A description of the City's compliance management structure.
  - A description of the process for reporting and investigating potential violations.
  - A description of the City's mechanisms that allow for anonymity or confidentiality, whereby the City's employees and agents may report or seek guidance regarding potential or actual violations without fear of retaliation.
  - Overview awareness training to the City's governing authority, directors, management, and individual(s) who have been delegated with day-to-day operational responsibility for compliance to requirements.
  - A description of the City's program that prevents and detects violations including:
    - Training programs
    - Processes
    - Procedures
    - Controls
    - Self-audits
  - The City's incentives for its employees or agents to perform in accordance with the compliance program
  - The City's disciplinary measures for employees or agents engaging in violations and for failing to take reasonable steps to prevent or detect violations
  - Annual internal audit schedule for applicable regulatory standards
  - A description of City's process for self-certifying compliance to regulatory standards

### **Lodi Responsibilities**

Although GP Strategies proposed work provides coverage of all aspects of the Lodi EUD NERC/WECC program, Lodi EUD will retain responsibility for certain functions and tasks. These include but are not limited to:

- Review and approval of the documented Internal Compliance Program (ICP)
- Oversight and Ownership of the ICP
- Review and approval of all procedures
- Review and approval of all forms

- Review, comment and approval of the annual Risk Assessment
- Review, comment and approval of program controls
- Log data using approved forms. For example sabotage incidents, event driven outages, maintenance, control room entry logs, etc.
- Provide data or studies as required by NERC, WECC or other entities. For example loads and resource forecast, historical usages, modeling of facilities, system studies, etc.
- Perform reliability related process. For example protection system maintenance, relay settings, submit timely data, report Misoperations, report BES Disturbances, etc.
- Compliance with all Standards and Requirements
- Attend compliance training
- Review, comment and approval of all audit materials
- Review, comment and acceptance of status reports, internal audit reports, mock audit reports, self-certification preparation report, etc.
- Provide determination on compliance and determination for self-reporting

### **Project Costs**

GP Strategies proposes to perform the monthly service and support work associated with this program from June 18, 2012 through June 30, 2014, for the fixed price of \$54,577.

GP Strategies proposes the following billing milestones:

- |                                     |                   |
|-------------------------------------|-------------------|
| • June 18, 2012 – October 31, 2012  | \$1,100 per month |
| • November 01, 2012 – June 30, 2014 | \$2,583 per month |

In addition to the labor outlined above, any travel expenses requested by Lodi EUD of distances beyond 200 miles from City of Lodi will be billed at cost, plus a 15% administrative fee. GP Strategies anticipates 5 onsite visits per year. GP Strategies will request official approval for increase in project funding prior to incurring travel costs. GP Strategies will bill Lodi EUD monthly for any travel and living costs incurred.

Lodi EUD Purchase Order should reference this proposal number (GP-L-1138-12-013), and be forwarded to:

Ms. Helen Kelly  
General Physics Corporation  
6095 Marshalee Drive, Suite 300  
Elkridge, MD 21075  
Fax: 410-540-5304  
Email: [hkelly@gpstrategies.com](mailto:hkelly@gpstrategies.com)

Our billing terms are net 30 days, and this proposal will be valid through June 30, 2012.

### Summary

GP Strategies is uniquely qualified to provide this service to Lodi EUD. Mary Jo Cooper, our Director of NERC Compliance Services, has 5 years of experience working with clients just like Lodi EUD in support of their federal and regional regulatory standards and requirements. GP Strategies can provide Lodi EUD with the tools, knowledge and skills necessary to respond to the regulatory requirements applicable to your unique organization.

Thank you for the interest in GP Strategies NERC/WECC compliance administration services. We will follow up with you to ensure this proposal meets your needs and answer any questions you may have. In the meantime, please feel free to contact me at **916-833-3369** or [micooper@mstrategies.com](mailto:micooper@mstrategies.com) if you have any immediate questions.

Sincerely,

Mary Jo Cooper  
Director, T&D Services  
Energy Services

MJC/hk

cc B Neff (GP Strategies)  
M Brown (GP Strategies)  
W Green (GP Strategies)

RESOLUTION NO. 2012-79

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE  
CITY MANAGER TO TERMINATE PROFESSIONAL SERVICES AGREEMENT  
WITH Z-GLOBAL ENGINEERING AND ENERGY SOLUTIONS, OF FOLSOM, AND  
EXECUTE PROFESSIONAL SERVICES AGREEMENT WITH GP STRATEGIES,  
OF AMHERST, NEW YORK, FOR COMPLIANCE SERVICES

=====

WHEREAS, on October 5, 2012, the City Council adopted Resolution No. 2012-152 authorizing the City Manager to execute a two-year Professional Services Agreement with ZGlobal Engineering and Energy Solutions, of Folsom, for compliance services; and

WHEREAS, in April 2012, City staff was informed ZGlobal's key compliance employee, Mary Jo Cooper, was leaving the firm; and

WHEREAS, Ms. Cooper informed City staff she will be providing the same compliance services for GP Strategies, of Amherst, New York, as the Director of Transmission Services in California; and

WHEREAS, ZGlobal will continue to provide this service; however, to maintain continuity with the City's compliance program, staff recommends terminating the existing agreement with ZGlobal and executing a new agreement with GP Strategies; and

WHEREAS, no additional funding is required and is included in FY2012/13 Budget Account Numbers 160601 and 160652.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to terminate Professional Services Agreement with Z-Global Engineering and Energy Solutions, of Folsom, and execute Professional Services Agreement with GP Strategies, of Amherst, New York, for compliance services in an amount not to exceed \$60,000 with Administration by the Electric Utility Director; and

BE IF FURTHER RESOLVED that the City may exercise an option to extend this contract one additional year on 30 days written notice prior to this contract's expiration, on the same terms and conditions set forth herein. If the City exercises this option, Contractor may increase its fee by an amount not to exceed six percent.

Dated: June 6, 2012

=====

I hereby certify that Resolution No. 2012-79 was passed and adopted by the City Council of the City of Lodi in a regular meeting held June 6, 2012, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Johnson, Katzakian, Nakanishi, and  
Mayor Mounce

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None

  
RANDI JOHL  
City Clerk